



North Carolina Department of Health and Human Services
Division of Health Service Regulation

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Division Director

April 30, 2014

Steve Sandholtz
500N. Market Place Drive, Suite 250
Centerville, UT 84014

Exempt from Review – Acquisition of Facility

Facility: Highland Gardens Adult Care Home
Acquisition by: FF Red Springs, LLC, SF Red Springs, LLD, and MH Red Springs, LLC
County: Robeson
FID #: 920569

Dear Mr. Sandholtz:

In response to your letter dated February 25, 2014, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, FF Red Springs, LLC, SF Red Springs, LLD, and MH Red Springs, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Adult Care Licensure Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to N.C.G.S. §131E-181(b): *“A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need.”*

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Tanya S. Rupp
Project Analyst

Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR
Adult Care Licensure Section, DHSR



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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Strategic Capital Partners

500 N Market Place Drive, Suite 250
Centerville, UT 84014
Phone: (801) 335-8504

Tanya Mupp

February 25, 2014

Received by
the CON Section
MAR 16 2014

Ms. Martha Frisone, Interim Chief
Certificate of Need Section
Division of Health Service Regulation
Department of Health and Human Services
Dorothea Dix Hospital Campus
809 Ruggles Drive
Raleigh, NC 27603

**Re: Exemption Notice for Highland Gardens (Adult Care Home in Robeson County)
FID #: 920569**

Dear Ms. Frisone:

FF Red Springs, LLC; SF Red Springs, LLC; and MH Red Springs, LLC ("The Purchaser") are planning to acquire an adult care home in Robeson County, currently known as Highland Gardens (hereafter "the Facility"). The Facility is located at 104 Hope Lane in Red Springs, North Carolina. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2014 State Medical Facilities Plan as having 63 adult care home beds (see Exhibit A).

The Purchaser is seeking to purchase the Facility through a purchase and sale agreement. The purpose of this letter is to provide prior notice of this acquisition, which is exempt from Certificate of Need ("CON") review, to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section (the "Agency"). The Purchaser seeks confirmation that it is permitted to acquire the Facility as described herein without CON review, thus acquiring the Facility's existing CON rights to own that existing health service facility (as defined in the CON statute) with 63 adult care beds.

I. THE PROPOSAL

As of this date, Wells Fargo Bank, NA owns the property and building comprising the Facility, which is an existing "health service facility," as that term is defined in N.C. Gen. Stat. § 131E-176(9)(b), and Highland Health Holdings, LLC is the Licensee. The Purchaser will purchase the Facility, and the Licensees will be FF Red Springs, LLC; SF Red Springs, LLC; and MH Red Springs, LLC. The Facility will still be known as Highland Gardens.

II. EXEMPTION NOTICE

Under North Carolina law, a Certificate of Need ("CON") is required only prior to offering or developing a "new institutional health service." "New institutional health service" includes a variety of services and activities, including a capital expenditure exceeding \$2 million. N.C. Gen. Stat. § 131E-176(16)(b).

The North Carolina General Assembly saw fit to exempt certain types of services or proposals from CON review, pursuant to N.C. Gen. Stat. § 131E-184. One such exempt service or proposal includes the acquisition of an existing health service facility, "including equipment owned by the health service facility at the time of acquisition." N.C. Gen. Stat. § 131E-184(a)(8).

This project involves only the acquisition of an existing adult care home, which falls within the purview of the statutory definition of "health service facility." After acquisition, the new Licensee will operate the Facility as an adult care home. Furthermore, The Purchaser's acquisition of the Facility does not entail the purchase of any major medical equipment or any *per se* reviewable equipment as defined in N.C. Gen. Stat. §§ 131E-176(14)(o) and (16)(f1). Likewise, the acquisition does not include the offering of any *per se* reviewable services. N.C. Gen. Stat. § 131E-176(16)(f). Thus, given that the transaction involves only the acquisition of an existing health services facility, it is exempt from CON review.

III. CONCLUSION

Based on the foregoing information, we hereby request the Agency's confirmation that the proposal described above is exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), and thus The Purchaser may acquire the Facility with all its existing CON rights without a CON.

In addition, we respectfully request that this request be considered on an **expedited basis** because the parties wish to proceed with this transaction as soon as possible. If you require additional information to consider this request, please contact me at (801) 335-8504 as soon as possible. We thank you for your consideration of this request.

Sincerely,



Steve Sandholtz.

Enclosure

Table 11A: Inventory of Adult Care Homes (Assisted Living) Beds

County	Facility Name	Licensed Beds In Nursing Homes	Licensed Beds In Hospitals	Licensed Beds In Adult Care Facilities	Total Licensed Beds	CON Approved/ License Pending		Bed Pipeline	Available In SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
						CON	CON Bed Transfer					
Person Totals												
Pitt	Carolina House of Greenville	0	0	214	214	0	0	0	0	214	0	214
Pitt	Cypress Glen Retirement Community	30	0	0	30	0	0	0	0	30	0	30
Pitt	Cypress Glen Retirement Community Memory Care Cottage	0	0	12	12	0	0	0	0	12	0	12
Pitt	Dixon House	0	0	80	80	0	0	0	0	80	0	80
Pitt	Greenfield Place	20	0	0	20	0	0	0	0	20	0	20
Pitt	Oak Haven Assisted Living	0	0	54	54	0	0	0	0	54	0	54
Pitt	Red Oak Assisted Living	0	0	62	62	0	0	0	0	62	0	62
Pitt	Southern Living Assisted Care	0	0	120	120	0	0	0	0	120	0	120
Pitt	Spring Arbor of Greenville	0	0	66	66	0	0	0	0	66	0	66
Pitt	Sterling House of Greenville	0	0	60	60	0	0	0	0	60	0	60
Pitt	Winterville Manor	0	0	29	29	0	0	0	0	29	0	29
Pitt Totals		50	0	559	609	0	0	0	0	609	0	609
Polk	Laurelwoods	0	0	60	60	0	0	0	0	60	0	60
Polk	Ridge Rest	0	0	12	12	0	0	0	0	12	0	12
Polk	White Oak Manor - Tryon	30	0	0	30	0	0	0	0	30	0	30
Polk	WillowBrooke Coun SC Center at Tryon Estates	44	0	0	44	0	0	0	0	44	0	44
Polk Totals		74	0	72	146	0	0	0	0	146	0	146
Randolph	Brookstone Haven	0	0	120	120	0	0	0	0	120	0	120
Randolph	Carlton Assisted Living of Asheboro	0	0	96	96	0	0	0	0	96	0	96
Randolph	Carolina House of Asheboro	0	0	76	76	0	0	0	0	76	0	76
Randolph	Country Manor	0	0	9	9	0	0	0	0	9	0	9
Randolph	Cross Road Retirement Community	0	0	152	152	0	0	0	0	152	0	152
Randolph	North Pointe	0	0	67	67	0	0	0	0	67	0	67
Randolph	North Pointe Assisted Living Of Archdale	0	0	56	56	0	0	0	0	56	0	56
Randolph	Westwood Health and Rehabilitation Center	16	0	0	16	0	0	0	0	16	0	16
Randolph Totals		16	0	576	592	0	0	0	0	592	0	592
Richmond	Hamlet House	0	0	60	60	0	0	0	0	60	0	60
Richmond	New Hope Adult Care	0	0	15	15	0	0	0	0	15	0	15
Richmond	Richmond Pines Healthcare & Rehabilitation Center	10	0	0	10	0	0	0	0	10	0	10
Richmond	The Hermitage Retirement Center of Rockingham	0	0	114	114	0	0	0	0	114	0	114
Richmond Totals		10	0	189	199	0	0	0	0	199	0	199
Robeson	Covenant Care	0	0	30	30	0	0	0	0	30	0	30
Robeson	Cromarie Spring Village Rest Home	0	0	11	11	0	0	0	0	11	0	11
Robeson	GlenFlora	20	0	0	20	0	0	0	0	20	0	20
Robeson	Green Manor Rest Home	0	0	82	82	0	0	0	0	82	0	82
Robeson	Greenbrier of Falmouth	0	0	100	100	0	0	0	0	100	0	100
Robeson	Highland Gardens	0	0	63	63	0	0	0	0	63	0	63
Robeson	Lumberton Assisted Living	0	0	104	104	0	0	0	0	104	0	104